



Public Utility Commission of Texas

1701 N. Congress Avenue
P. O. Box 13326
Austin, Texas 78711-3326
512 / 936-7000 • (Fax) 936-7003
Web Site: www.puc.state.tx.us

Pat Wood, III
Chairman

Judy Walsh
Commissioner

Patricia A. Curran
Commissioner

November 19, 1997

RECEIVED

NOV 21 1997

William F. Caton, Acting Secretary
Federal Communications Commission
1919 M. Street, N.W.
Washington, D.C. 20554

DOCKET FILE COPY ORIGINAL

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

RE: CC Docket No. 97-160 and 96-45 (FCC 97-2329)
State Petitions for Extension of Time on
Forward-Looking Cost Studies

To the Secretary:

Enclosed herewith for filing with the Commission are an original plus five copies of the Comments of the Public Utility Commission of Texas in the above captioned matter, along with a Motion to Accept Late-Filed Comments. We are also providing copies to ITS and to the Universal Service Branch as directed by the Public Notice.

Sincerely,

Steve Davis

Steve Davis
Director, Office of Policy Development

cc: ITS, Inc.
Universal Service Branch



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**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

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**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY**

| | | |
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| In the Matter of |) | |
| |) | |
| Federal-State Joint Board on |) | CC Docket No. 97-160 and 96-45 |
| Universal Service |) | |

**MOTION TO ACCEPT LATE-FILED
COMMENTS OF THE
PUBLIC UTILITY COMMISSION OF TEXAS**

In its Public Notice dated November 5, 1997 (DA 97-2329) in this proceeding, the Commission requested comments on the petitions of four state regulatory agencies and the National Association of Regulatory Utility Commissioners (NARUC) for an extension of the February 6, 1998 deadline for states to file forward-looking cost methodologies for use in the federal universal service fund. The deadline for filing comments in response to the Public Notice is November 19, 1997, just nine working days from the date of the Public Notice's release. During a portion of this same nine days, members and staff of the Public Utility Commission of Texas have been involved in meetings of the NARUC Annual Convention in Boston. Further, our only scheduled Open Meeting following the release of the Public Notice at which we have been able to adopt Comments is this date, November 19, 1997. We therefore request your consideration of the attached Comments in this proceeding.

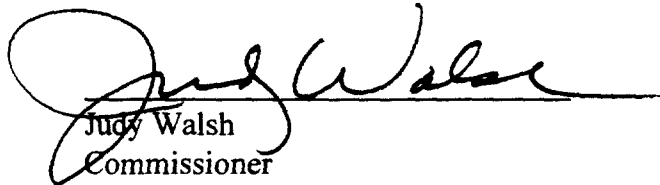
Respectfully submitted,

Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

November 19, 1997

A handwritten signature in black ink, appearing to read "Pat Wood, III", written over a horizontal line.

Pat Wood, III
Chairman

A handwritten signature in black ink, appearing to read "Judy Walsh", written over a horizontal line.

Judy Walsh
Commissioner

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

| | | |
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| In the Matter of |) | |
| |) | |
| Federal-State Joint Board on |) | CC Docket No. 97-160 and 96-45 |
| Universal Service |) | |

**COMMENTS OF THE
PUBLIC UTILITY COMMISSION OF TEXAS**

In its Public Notice dated November 5, 1997 (DA 97-2329) in this proceeding, the Commission requested comments on the petitions of four state regulatory agencies and the National Association of Regulatory Utility Commissioners (NARUC) for an extension of the February 6, 1998 deadline for states to file forward-looking cost methodologies for use in the federal universal service fund. The Public Utility Commission of Texas (PUCT) supports the individual states' requests for extension, as well as the "blanket" request for extension filed by the NARUC.

In its Universal Service *Report and Order*¹ ("Order"), the Commission determined that it would use forward-looking economic cost studies conducted by state commissions that choose to submit such cost studies to determine universal service support to their states.² States were asked to elect, by August 15, 1997, whether they would conduct their own forward-looking economic cost studies. States that so elected should file the studies with the Commission on or before February 6, 1998. In order to be accepted by the Commission for federal support, the cost studies are required to meet certain criteria prescribed in the Order.³ On November 12, 1997, the

¹ Federal-State Joint Board on Universal Service, CC Docket No. 96-45, *Report & Order*, 62 Fed. Reg. 32,862 (1997).

² Order, para. 248.

³ Order, para. 250.

Commission issued a related *Public Notice* (DA 97-2383) in this proceeding that contains questions and answers pertaining to the content of state-filed cost studies.

The PUCT filed a Petition for Reconsideration on July 15, 1997 in response to the Commission's *Order* in this proceeding. Among several issues raised, we expressed concern over the timing of the state requirement to file their cost studies in relation to the late-1998 target date for the Commission to complete its own costing methodology for use in determining federal USF support. The PUCT also expressed concern over the compatibility of our state's TELRIC cost studies that have been successfully utilized in our interconnection proceedings with the types of studies to be used for federal USF support. The Commission has not yet addressed our Petition for Reconsideration. Notwithstanding the concerns expressed in the Petition for Reconsideration, the PUCT provided a letter of intent with the Commission on July 15, 1997 (Attachment 1) that indicated our intent to file our own studies.

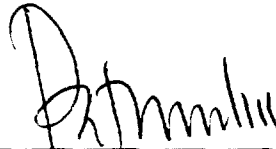
The PUCT is committed to working with the Commission and other states to resolve the issues surrounding Universal Service support, as we believe this is one of the most difficult issues facing regulators in the implementation of the federal Telecommunications Act of 1996. However, we are not certain that the large number of complex issues surrounding these forward-looking cost studies will be resolved in time for us to meet the February 1998 deadline for submission of the state studies. As an example, the *Public Notice* issued on November 12, 1997 contains guidance on the use of cost studies that is contrary to our past interpretations of the May 8 *Order*, and we continue to struggle with such interpretations. Another example of the unresolved nature of the cost study issue is the difficulty in obtaining state-by-state results from the most recent versions of the cost proxy models. Because of the uncertainties that surround the cost study issue with only 79 days remaining before February 6, 1998, we support the request by

the NARUC for the extension of this deadline, as well as the individual extension requests by the other states.

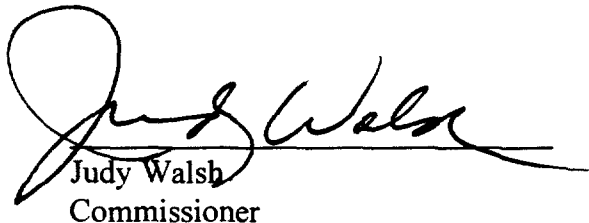
Respectfully submitted,

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November 19, 1997

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Pat Wood, III
Chairman

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Judy Walsh
Commissioner



Public Utility Commission of Texas

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Attachment 1

Pat Wood, III
Chairman

Robert W. Gee
Commissioner

Judy Walsh
Commissioner

July 15, 1997

The Honorable Reed Hundt, Chairman
Federal Communications Commission
1919 M Street, N. W.
Washington, D.C. 20554

Dear Chairman Hundt:

In the Commission's May 7, 1997 Report and Order on Universal Service, states were asked to elect whether they would conduct their own forward-looking economic cost studies for the purpose of calculating universal service support for high cost and rural areas.

We wish to inform you that we are hereby electing to participate in the development of such cost studies, with the intent that they will be used as the basis for state and federal universal service support programs. We do not expect this to be an easy task, but it is our intent to proceed with evaluation of models and studies in the spirit of federal-state cooperation. We will advise you of our decisions with regard to these studies no later than February 1998.

Respectfully Submitted,
Public Utility Commission of Texas

A handwritten signature in black ink, appearing to read "Pat Wood, III".

Pat Wood, III, Chairman

A handwritten signature in black ink, appearing to read "Robert W. Gee".

Robert W. Gee, Commissioner

A handwritten signature in black ink, appearing to read "Judy Walsh".

Judy Walsh, Commissioner

cc: Commissioner Ness
Commissioner Chong
Commissioner Quello
Secretary of the Commission
Federal-State Joint Board Commissioners



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